

SENATE BILL REPORT

SB 6379

As Passed Senate, February 22, 2006

Title: An act relating to temporarily increasing the statewide cap for the public utility tax credit provided by RCW 82.16.0497.

Brief Description: Increasing temporarily the statewide cap for the customer assistance public utility tax credit.

Sponsors: Senators Poulsen, Morton, Fraser, Finkbeiner, Rockefeller and Rasmussen; by request of Department of Community, Trade, and Economic Development.

Brief History:

Committee Activity: Water, Energy & Environment: 1/17/06, 1/18/06 [DP-WM].

Ways & Means: 1/26/06, 2/16/06 [DP].

Passed Senate: 2/22/06, 48-0.

SENATE COMMITTEE ON WATER, ENERGY & ENVIRONMENT

Majority Report: Do pass and be referred to Committee on Ways & Means.

Signed by Senators Poulsen, Chair; Rockefeller, Vice Chair; Morton, Ranking Minority Member; Delvin, Fraser, Honeyford, Mulliken and Pridemore.

Staff: William Bridges (786-7424)

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass.

Signed by Senators Prentice, Chair; Fraser, Vice Chair, Capital Budget Chair; Doumit, Vice Chair, Operating Budget; Zarelli, Ranking Minority Member; Brandland, Fairley, Parlette, Pridemore, Regala, Rockefeller, Schoesler and Thibaudeau.

Staff: Terry Wilson (786-7433)

Background: Public Utility Tax (PUT). Gross income derived from the operation of public and privately owned utilities is subject to the PUT. The rates for natural gas and electric utilities are 3.852 percent and 3.873 percent, respectively.

Utility Assistance to Low-Income Customers. Electric and natural gas utilities have programs to assist low-income households, such as financial grants to pay utility bills, subsidized weatherization services, and discounted rates. In fiscal year 2005, for example, utilities regulated by the Washington Utilities and Transportation Commission provided an average of \$288 in discounts or grants per eligible household. An eligible household is one that is qualified to receive funds under the Low Income Home Energy Assistance Program (LIHEAP).

PUT Credit for Low-Income Heating Assistance. To encourage electric and natural gas utilities to provide heating assistance to low-income customers, the Legislature enacted a PUT credit in 2001. To qualify for the credit, a utility must offer (1) billing discounts to customers or (2) contributions to LIHEAP contractors, which are 125 percent greater than the utility's discounts or contributions in 2000. The amount of the credit is generally equal to 50 percent of the discount or contribution given in a fiscal year. The maximum total credit available statewide each year is \$2.5 million.

Summary of Bill: For fiscal year 2007, the maximum total PUT credit available statewide is raised from \$2.5 million to \$8.5 million.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

Effective Date: The bill takes effect on July 1, 2006.

Testimony For (Water, Energy & Environment): This bill is part of the Governor's efforts in providing heating assistance to low-income households. Twenty-three utilities filed for the customer-assistance PUT credit this year.

Testimony Against (Water, Energy & Environment): None.

Who Testified (Water, Energy & Environment): PRO: Gil Brewer, DOR; Will Graham, CTED.

Testimony For (Ways & Means): This is one of three approaches this session to help low-income households with their heating bills. This will increase the amount of billing discounts.

Testimony Against (Ways & Means): None.

Who Testified (Ways & Means): PRO: Will Graham, CTED.